STATE OF MICHIGAN
RICK SNYDER
GOVERNOR
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
LANSING
EARL POLESKI
EXECUTIVE DIRECTOR

Date: March 29, 2018

To: Management Agents/Owners

From: Michael Witt,
Director, Asset Management Division

Re: Revisions to the Procedures for the **Agency Estimate (Actual Usage/Consumption)** Utility Allowance Calculation Method for LIHTC Projects

The Michigan State Housing Development Authority (MSHDA) has revised the policy and instructions for owner and management agents that elect to use the Agency Estimate method of determining utility allowances for Low Income Housing Tax Credit (LIHTC) projects that are **not** MSHDA-financed. The newly revised policies and procedures have been implemented to reflect recent changes in HUD guidelines for calculating utility allowances and to more closely match the utility sampling performed for MSHDA-financed developments.

The new instructions are contained in the Agency Estimate of Utility Allowances policy (MSHDA LIHTC Compliance #9, March 2018 revision date) document, which is attached and also available on the MSHDA website. Additionally, the Consumption Data Certification Workbook has been updated and renamed to the attached LIHTC Utility Template (excel workbook) that is also available on the MSHDA website. These March 2018 revisions replace the previous policy issued on June 15, 2010 and all previous versions of the Consumption Data Certification Workbook (which is now titled LIHTC Utility Template), memorandums and forms.

Following is a brief description of some of the most significant changes in the March 2018 revision. Owners and management agents should review the Agency Estimate of Utility Allowances for complete instructions regarding using the Agency Estimate method.

1. There is no longer an administrative fee for processing submissions.

2. Submission Timelines and Effective Dates - All requests for the Agency Estimate method now must be submitted to MSHDA on **October 1** of each calendar year. All Utility Allowances based on the Agency Estimate method will now have a **January 1 effective date**. IRS regulations for LIHTC projects require that utility allowances be updated at least once per calendar year.

    - Projects that have not yet submitted or commenced preparing a UA request for a 2018 effective date should submit a UA request by October 1, 2018 for a January 1, 2019 effective date.

- Projects that have already submitted or commenced preparing a UA request in 2018 for an effective date other than January 1, 2019 are not required to submit a 2nd request on October 1, 2018. Rather, these projects can begin complying with the October 1st submission date in October 2019.

- All projects using the Agency Estimate method will be required to submit UA requests by October 1, 2019, to be effective on January 1, 2020.

3. Sampling Requirements - The sampling requirements, including the number of units sampled and minimum occupancy timeframes, have been modified.

    - The minimum sample size is now 20 units **per each unit type** (1 bedroom apt, 2 bedroom townhouse, etc.) and increases depending on the total number of LIHTC units in the project. For LIHTC projects with less than 20 LIHTC units, all of the LIHTC units must be sampled. A **chart** showing the revised minimum required sample size is included in the Agency Estimate of Utility Allowances policy.

4. UA Documents - The Excel Workbook and related forms listed below have been modified or added.
    - LIHTC Utility Allowance Summary,
    - Owner's Utility Allowance Certification form,
    - Authorization to Release Utility Costs and Information, and
    - Utility Allowance Change Notice

Contact Information for Questions

Contact your assigned MSHDA Compliance Officer or e-mail mshdacompli@michigan.gov if you have questions regarding the new procedures and utility allowance change submissions for LIHTC projects.